

Andrew Boddice and Peter Robinson report on the findings of a survey that sets out to establish how business leaders in Scotland see the importance of culture and values in their organisations



**T**HE “Values in Business” consultancy Robinson Boddice LLP and CA Magazine conducted a joint research project in May seeking the opinions of private sector business leaders in Scotland on the factors that contribute to the success of their organisations.

We were interested to learn more about the significance of various strategic and operational activities, and sources of competitive advantage, and to see whether these were viewed differently in normal, and crisis, trading conditions.

In particular, the research sought to establish the importance that business leaders in Scotland placed on the role of values and culture in the success or otherwise of their organisations.

The business leaders who

responded represented organisations in most of the major business sectors in Scotland: food and drink, financial and professional services, manufacturing and engineering, technology, and construction.

The reasons for focusing on values and culture were threefold:

- Firstly, extensive research around the world in recent years has shown that long-term really successful organisations are “values-driven”
- Secondly, the virtual lack of evidence existing in Scotland supporting the above
- Thirdly, our experience led us to hypothesise that culture and

values would not feature prominently in leaders’ consciousness, especially in crisis trading conditions.

Values are the principles by which we live our lives and bring with us to work. They are by nature mainly covert and therefore need to be revealed. However, they drive attitudes and behaviours that are easily identified in day-to-day life.

Attitudes and behaviours are a major component of success and failure. In business, there is an almost inevitable tendency to focus on the “business” or “hard” side of the enterprise. Most business writings and presentations would seem to support this contention.

However, we believe that the culture system, of which values are the major component, constitutes one third of an organisation’s life – the remaining two thirds containing the political and technical systems. The former refers to the ways in which power and authority is administered both formally and informally. The latter refers to all that is directly to do with the business itself and would include, for example, finance, production, HR, IT, and legal services.

We know from research conducted globally that successful companies achieve a good degree of alignment between an individual’s personal values, their perceptions of the extant values of the workplace and their explicit and implicit idealised culture. We also know that organisations that either do

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01 Issues ranked in order of importance to the success of the business in normal economic conditions	
	%
Organisation values and culture strategies	84
Financial management	70
Distribution of your product or service to the marketplace	67
Sales and marketing strategies	57
HR strategies	54
Research and development	28
Production methods	27

NOTE: 100 = MAXIMUM POSSIBLE RATING

02 Issues ranked in order of importance to the success of the business in crisis conditions	
	%
Financial management	80
Organisation values and culture strategies	79
HR strategies	63
Sales and marketing strategies	54
Distribution of your product or service to the marketplace	50
Production methods	39
Research and development	24

NOTE: 100 = MAXIMUM POSSIBLE RATING

not achieve a critical degree of alignment and/or exhibit a significant number of limiting values in their extant cultures perform less well, sometimes with dire consequences.

Furthermore, we know that organisations that are “values-driven” also fundamentally increase their prospects of high performance. “Values-driven” refers to a situation in which explicit and shared values are embedded in everyday actions. This means that all decisions must pass the company’s “values criteria test”. All decisions, policies, stakeholder relationships, and appointments are included in this principled way of operating.

This could mean, for example, that short-term opportunism is rejected in favour of a long-term focus on growth and prosperity.

The above represents a synopsis of the thinking that led us to investigate the views of business leaders in Scotland.

There were some notable highlights among the findings. The results show that, in normal trading conditions, business leaders identify “sound organisation values and culture strategies” along with “sound financial management” respectively as the two major contributors to their organisation’s success.

To our surprise, issues such as distribution, sales and marketing, and HR featured significantly less prominently. Of particular note were the exceptionally low ratings ascribed to “production methods: and “research & development”. (See Table 1).

When business leaders were



invited to consider the same factors during crisis conditions, there were some significant changes in emphasis. “Sound financial management” became the most prominent followed closely by “sound values and culture strategies”. Interestingly, leaders placed considerably more emphasis on the role of HR – an increase of a little more than a third, when in crisis, than they do in normal trading conditions.

It would seem that in crisis conditions the other areas are perceived as being considerably less significant (See Table 2).

Of the business leaders who responded, a massive 94 per cent believe that their most senior people and their staff hold more or less the same views or opinions as their chief executive, with only six per cent saying there were likely to be “significant” differences.

When asked to consider whether there was a link between an organisation’s values and various factors related to performance, the overwhelming majority saw clear and positive links – particularly in the areas of people performance, ability to find and retain the best people, and the sustainability of the organisation (see Table 3).

Asking business leaders about the degree of success they believed

they had achieved over recent years, a little less than two-thirds (63 per cent) thought that their organisations had been highly successfully with just under 40 per cent stating that they had been “partially successful.”

When asked directly whether they believed their organisation’s culture had contributed to this level of success, the vast majority believed that it had (see Table 4).

Finally, business leaders were asked to rank a series of factors that they believed contributed to the development of their organisations competitive advantage. “Culture” and “Superior Products and Services” scored 100 per cent and 67 per cent respectively (see Table 5).

Our initial findings would suggest:

- The role of culture seems to be well embedded in the minds of Scotland’s business leaders, in both normal trading conditions and in times of crisis
- Sound financial management ranks of equal importance to culture as a strategic business issue in times of crisis
- HR becomes more important during times of crisis than in normal circumstances
- Business leaders in Scotland believe that their senior people and staff hold very similar views

- There is agreement that organisation values are positively linked to people performance, the bottom line, business risk, sustainability, leadership style, the ability to find and retain the best people and, to a lesser extent, the ability to raise investment
- Business leaders believed that their businesses were either “highly successful” or “partially successful”
- All respondents believed that their organisation’s culture positively contributed to the organisations success
- When asked to explain their organisations success at developing competitive advantage, “culture” scored the highest by a margin.

It would appear from all of this that the conceptual significance of values and culture are well established in the minds of Scotland’s business leaders. This would appear to apply to all business sectors and professionally based activities.

Our future investigative activities will be aimed at determining how and to what extent this conceptual linkage is acted out in the workplace. We will explore these findings in more detail over the coming months with respondents and other interested stakeholders.

Over time, our intention is to compare these private sector findings with those from the public and third (not-for-profit) sectors. ■

**ANDREW BODDICE** and **PETER ROBINSON** are partners in *Robinson Boddice LLP*.

### 03 Do you see a link between organisation values and:

	%
Your people’s performance?	100
The bottom line?	100
Business risk?	94
The sustainability of your business?	100
Your leadership style?	94
Your ability to find and retain the best people?	100
Your ability to raise investment for growth and expansion?	75

NOTE: 100 = MAXIMUM POSSIBLE RATING

### 05 In terms of competitive advantage, in what order would you rank the significance of the following factors?

	%
Culture	91
Superior products and/or services	69
Business and operational planning	61
Policies, standards & process	54
Marketing and advertising	52
Finance	51
Technology	46
Research and development	27

NOTE: 100 = MAXIMUM POSSIBLE RATING